

Message Text

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ACTION TRSE-00

INFO OCT-01 ISO-00 EA-11 NEA-10 IO-14 H-03 L-03 PA-04

PRS-01 USIA-15 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-20 STR-08 CEA-02 AGR-20

DRC-01 /199 W

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P 100350Z JAN 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 225

INFO AMEMBASSY SAIGON PRIORITY

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USADB

E.O. 11652: ADS, DECLAS 3/31/74

TAGS: EAID, EFIN, VS

SUBJECT: PROPOSED TA FOR IRRIGATION DEVELOPMENT
PROJECT (VIET NAM)

FOR NAC AGENCIES

SUMMARY: ADB MANAGEMENT PROPOSES THAT BANK ACT AS EXECUTIVE AGENCY FOR TECHNICAL ASSISTANCE (TA) STUDY FOR PREPARATION OF IRRIGATION DEVELOPMENT PROGRAM FOR CENTRAL AND EASTERN VIETNAM. UNDP WILL FINANCE TOTAL FOREX COST ESTIMATED AT \$215,000, AND GOVT OF VIETNAM WILL COVER LOCAL COST EQUIVALENT TO \$45,500. SMDP WILL ALSO PAY BANK 13 PERCENT FOR FOREX COST OF PROJECT TO MEET BANK'S OVERHEAD EXPENSES. USADB RECOMMENDS FAVORABLE NAC ACTION. END SUMMARY.

1. ADDADOC R1-74 WITH ATTACHMENTS DESCRIBING
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PROPOSED PRONNECT POUCHES ADDRESSEES JAN 4. BOARD CONSIDERATION

SCHEDULED JAN 24.

2. ADB MANAGEMENT PROPOSING THAT BANK AGREE TO ACT AS EXECUTING AGENCY FOR UNDP-SPONSORED TA PROJECT, WHICH WILL ESTABLISH IRRIGATION DEVELOPMENT PROGRAM FOR CENTRAL AND EASTERN VIETNAM. PROCEEDS WILL FINANCE FOREX COST OF PROPOSED TA AND WILL INVOLVE STUDY OF TEN LARGE-SCALE IRRIGATION PROJECTS WITH VIEW TO DETERMINING ORDER OF PRIORITY FOR THEIR IMPLEMENTATION, WITH EMPHASIS ON THOSE PROJECTS TO COMMENCE BEFORE 1980.

3. AGRICULTURE AT PRESENT PROVIDES LIKELIHOOD FOR OVER TWO-THIRDS OF VIETNAM'S TOTAL POPULATION. IN 1972 AGRICULTURE, INCLUDING FORESTRY AND FISHERIES, CONTRIBUTED ABOUT 38 PERCENT TO NET DOMESTIC PRODUCT. HOWEVER, AS OF END OF 1972, ONLY ABOUT 16 PERCENT OF TOTAL CULTIVATED AREA WAS UNDER IRRIGATION, MOST OF WHICH IS LOCATED IN DELTA REGION.

4. POSTWAR IRRIGATION DEVELOPMENT PROGRAM DEVELOPED BY

MINISTRY OF AGRICULTURE, WHICH IN NEAR TERM SEEKS TO GIVE

WAR REFUGEES OPPORTUNITY TO RETURN TO THEIR LANDS OR RESETTLE IN NEWLY DEVELOPED LANDS, SEEKS IN LONG RUN TO ACHIEVE SELF-SUFFICIENCY IN AGRICULTURAL PRODUCTS, INCREASE LIVING STANDARD IN RURAL AREAS, IMPROVE INCOME DISTRIBUTION, INCREASE EMPLOYMENT OPPORTUNITIES AND IMPROVE BALANCE OF PAYMENTS. TO OBTAIN THESE OBJECTIVES, PROGRAM AIMS TO REHABILITATE ALL WATER WORKS DAMAGED DURING WAR, REPLACE TEMPORARY WITH PERMANENT STRUCTURES, REDUCE CROP LOSSES DUE TO SALINITY INTRUSION AND FLOODING, RECLAIM ABANDONED OR NEW LANDS AND PROVIDE NECESSARY WATER CONTROL FACILITIES.

5. WITH OWN RESOURCES, GOVT IS PROCEEDING WITH CONSTRUCTION OF SMALL AND MEDIUM SIZED PROJECTS, AND HAS IN PAST BEEN RECEIVING ASSISTANCE IN IRRIGATION SECTOR FROM VARIOUS INTERNATIONAL AGENCIES, INCLUDING ADB, IBRD AND UNDP AND LIMITED OFFICIAL USE

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UNDER VARIOUS BILATERAL AID PROGRAMS. INVESTMENTS IN IRRIGATION SECTOR HAVE BEEN MAINLY IN MEKONG DELTA, WHILE MUCH LESS ATTENTION HAS BEEN GIVEN TO LESS-DEVELOPED AREAS IN CENTRAL AND EASTERN VIETNAM. DISCUSSIONS WERE HELD BETWEEN BANK, GOVT AND UNDP CONCERNING POSSIBLE BANK ROLE IN ESTABLISHMENT OF IRRIGATION PROGRAM IN LATTER AREAS WITH UNDP FINANCING. CONSULTATIONS ALSO HELD WITH IBRD TO AVOID DUPLICATION AND ACHIEVE COORDINATION BETWEEN

PROPOSED PROJECT AND INTENDED IBRD ACTIVITIES.

6. WITH UNDP ASSISTANCE. GOVT HELD IRRIGATION WORKSHOP
IN SEPT 1973 TO DISCUSS FUTURE WATER RESOURCES DEVELOP-

MENT. WORKSHOP ALSO IDENTIFIED 14 PRIORITY PROJECTS FOR
FURTHER STUDY AND IMPLEMENTATION, OF WHICH TWO (GO CONG
PIONEER AGRICULTURAL PROJECT AND TAN AN IRRIGATION
PROJECT) BEING UNDERTAKEN BY BANK, ANOTHER (AN TRACH
PROJECT) FOR WHICH IBRD INTENDS TO UNDERTAKE DETAILED
STUDY, AND DAN BAN PROJECT FOR WHICH KOREAN GOVT HAS
AGREED TO UNDERTAKE FEASIBILITY STUDY. REMAINING TEN
PROJECTS, EITHER OF WHICH ARE LOCATED IN CENTRAL LOWLANDS,
ONE IN HIGHLANDS AND ONE IN DONG NAI REGION, TO BE STUDIED
UNDER PROPOSED PROJECT. EIGHT OF PROJECTS ARE MAINLY

IRRIGATION PROJECTS WHILE TWO (SONG-BO AND BINH DINH)
MAY ALSO HAVE HYDROPOWER COMPONENT.

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7. PROPOSED PROJECT AIMS TO ESTABLISH COMPARATIVE INVESTMENT PRIORITIES OF TEN PROJECTS AND TO DEVELOP SPECIFIC IMPLEMENTATION PROGRAM FOR PERIOD THROUGH 1980. PROGRAM WILL COMPLEMENT ONE TO BE UNDERTAKEN IN MEKONG DELTA BY IBRD, AND TWO PROGRAMS TOGETHER EXPECTED PROVIDE FRAMEWORK FOR VIETNAM'S OVERALL IRRIGATION DEVELOPMENT. STUDY, WHICH WILL CONSIST OF REVIEW OF TEN PROJECTS AT RECONNAISSANCE LEVEL, WILL COMPRISE (A) RECONNAISSANCE SURVEY OF TEN PROJECT AREAS AND REVIEW OF EXISTING DATA; (B) DETERMINATION OF NEED FOR FURTHER STUDIES TO BRING EACH PROJECT TO FEASIBILITY STUDY LEVEL AND FOREIGN CONSULTING SERVICES REQUIRED; (C) PRIORITY RANKING ON BASIS OF DEGREE OF TECHNICAL PREPARATION, PRELIMINARY FEASIBILITY, AND PREVAILING SOCIO-ECONOMIC CONDITIONS IN PROJECT AREAS; (D) ESTABLISHMENT OF OVERALL IMPLEMENTATION SCHEDULE AND YEARLY FINANCIAL REQUIREMENTS; AND (E) REVIEW OF MANPOWER SITUATION OF GOVT'S IMPLEMENTATION AGENCIES -- DIRECTORATE OF IRRIGATION AND RURAL ENGINEERING (DIRE), LIMITED OFFICIAL USE

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NATIONAL GEOGRAPHIC SERVICE (NGS) AND DIRECTORATE GENERAL OF LAND AFFAIRS (DGLA) -- AND DEVELOPMENT OF APPROPRIATE STAFF TO MEET IMPLEMENTATION NEEDS.

8. CONSULTING TEAM TO BE HEADED BY SENIOR WATER RESOURCES DEVELOPMENT ENGINEER AND WILL INCLUDE EXPERTISE IN IRRIGATION ENGINEERING, AGRONOMY, SOILS, AGRICULTURAL ECONOMICS AND AERIAL PHOTOGRAMMETRY. MOBILIZATION OF CONSULTANTS IN FIELD ANTICIPATED TO TAKE PLACE IN APRIL 1974, TO PERMIT FIELD WORK TO BE COMPLETED BEFORE BEGINNING OF MONSOON SEASON IN AUGUST, WITH COMPLETION OF REPORT SCHEDULED IN OCTOBER. TOTAL OF ABOUT 30 MAN-MONTHS OF CONSULTING SERVICES CONSIDERED NECESSARY. CONSULTANTS WILL RECOMMEND PROJECTS THAT SHOULD BE STARTED BEFORE 1980, TAKING INTO ACCOUNT NATIONAL, REGIONAL AND AREA DEVELOPMENT TARGETS, DEMAND PROJECTIONS FOR AGRICULTURAL PRODUCTS, OTHER PROJECTS TO BE UNDERTAKEN AND GOVT'S IMPLEMENTATION CAPACITY. CONSULTANTS WILL ALSO RECOMMEND APPROPRIATE PROGRAMS FOR COLLECTION OF HYDROLOGICAL DATA AND PREPARATION OF TOPOGRAPHICAL AND CADASTRAL MAPS. THEY WILL REVIEW MANPOWER REQUIREMENTS OF DIRE AND MAPPING CAPABILITY OF NGS AND DGLA AND MAKE RECOMMENDATIONS ON DEVELOPMENT OF ADDITIONAL STAFF.

9. TOTAL FOREX COST, TO BE FINANCED BY UNDP, ESTIMATED AT \$215,000 AND INCLUDES PROCUREMENT OF CERTAIN OFFICE AND MINOR TECHNICAL EQUIPMENT AS WELL AS FOUR 4-WHEEL DRIVE VEHICLES. GOVT WILL CONTRIBUTE VN\$25 MILLION (U.S.\$45,000 EQUIVALENT) TO COVER COST OF COUNTERPART PERSONNEL AND OTHER LOCAL EXPENSES. FUNCTIONS OF BANK AS

EXECUTING AGENCY INCLUDES (A) RECRUITMENT (SUBSTANTIALLY IN ACCORDANCE WITH BANK'S GUIDELINES) AND SUPERVISION OF CONSULTING FIRM; (B) PROCUREMENT OF FOUR MOTOR VEHICLES USING INTERNATIONAL SHOPPING PROCEDURES; (C) ADMINISTRATION OF UNDP FUNDS AND GOVT'S CASH CONTRIBUTION; (D) REVIEW OF PROGRESS; (E) EVALUATION OF CONSULTANT'S REPORT; AND (F) OVERALL PROJECT ADMINISTRATION. UNDP WILL PAY BANK 13 PERCENT OF PROJECT'S FOREX COST TO MEET BANK'S OVER-HEAD EXPENSES RELATED TO PROJECT PREPARATION AND IMPLEMENTATION.

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10. DIRE, WHICH WILL BE GOVT COOPERATING AGENCY FOR PROJECT IMPLEMENTATION, WAS ESTABLISHED IN 1961 IN MINISTRY OF LAND AND AGRICULTURAL DEVELOPMENT AS SOLE GOVT AGENCY IN CHARGE OF ALL WATER CONTROL WORKS FOR RURAL AGRICULTURAL PURPOSES. IT HAS BEEN ASSOCIATED WITH PREPARATION OF LARGE SCALE WATER CONTROL PROJECTS UNDER VARIOUS FOREIGN AID AND INTERNATIONAL INSTITUTIONAL FINANCING PROGRAMS AND IS CONSIDERED CAPABLE TO ACT AS COOPERATING AGENCY FOR PROJECT. AS INDICATED APRA 7 ABOVE, PROJECT WILL ASSIST DIRE BY PROVIDING ASSESSMENT OF ITS FUTURE MANPOWER REQUIREMENTS. (DIRE APPEARS TO LACK SUFFICIENT ENGINEERS AND TECHNICIANS, AND FOREIGN EXPERTISE AND SKILL WILL BE NEEDED, AT LEAST UP TO 1980, TO ASSIST IN PROJECT PREPARATION AND EXECUTION.)

11. PROPOSED PROJECT EXPECTED TO MAKE IMPORTANT CONTRIBUTION TO SYSTEMATIC DEVELOPMENT AND POSTWAR RECONSTRUCTION OF LAND AND WATER RESOURCES IN VIETNAM, PARTICULARLY IN RELATIVELY LESS-DEVELOPED CENTRAL COASTAL AREAS. PROJECT WILL ASSIST GOVT IN IDENTIFYING INVESTMENT REQUIREMENTS IN AREA'S IRRIGATION SECTOR AND IS EXPECTED TO PROVIDE SOUND BASIS FOR GOVT TO REQUEST FINANCIAL ASSISTANCE FOR SPECIFIC PROJECTS FROM INTERNATIONAL AGENCIES AND BILATERAL DONORS. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

12. REQUEST SAIGON'S COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DTD 3 JULY 1972.
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